

Virginia Department of Mines, Minerals & Energy
Virginia Gas and Oil Board

Minutes and results of hearing, December 18, 2007

Board members present (Quorum was established): Ms. Barber, Ms. Dye, Mr. Prather, Ms. Quillen, Mr. Ratliff, Mr. Wampler

1. A petition from Range Resources - Pine Mountain, Inc. for a well location exception for proposed well V-530018, Kenady District, Dickenson County, Virginia. Docket Number VGOB-07-1113-2090. Continued from November.

The applicant seeks an exception in order to drill a conventional well closer to three existing wells than allowed under statewide spacing. The proposed well is to be 710 feet closer to existing Equitable gas well P-193, 612 feet closer to existing Equitable gas well P-286, and 1376 feet closer to existing Equitable gas well P-248 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resource. No application for permit to drill the unit has been submitted. The application was withdrawn.

2. A petition from Range Resources - Pine Mountain, Inc. for an additional well location exception for proposed well V-530015, Kenady District, Dickenson County, Virginia. Docket Number VGOB-07-0918-2037-01. Continued from November.

At its September hearing, the Board granted well location exceptions for the proposed V-530015 well from three existing wells. The purpose of this application is to request exception from one additional well. The proposed well is to be 119 feet closer to newly-permitted Pine Mountain well V-530010 than allowed under statewide spacing. The exception is needed to prevent loss of resource. An application for permit to drill the unit has been submitted. The location exception was approved.

3. The Board, on its own motion, will reconsider prior approval of pooling of coalbed methane unit BH-107, New Garden District, Russell County, Virginia. Docket Number 07-0821-1986.

The BH-107 coalbed methane unit was docketed for August 21, 2007 and was pooled on September 18, 2007 with several respondents being shown as "address Unknown". The Board has been notified that several of the respondents are local residents with known addresses. The applicant will be asked to show that diligent effort has been made to notify these unknown parties. Pooling approval was re-affirmed.

4. The Board, on its own motion, will reconsider prior approval of disbursement of funds to the Juanita Przybycki Heirs in conventional unit EH-18, Clintwood District, Dickenson County, Virginia. Docket Number VGOB 190-0419-0004-01. Continued from October.

Disbursement of funds to the Przybycki Heirs was approved by the Board on June 20, 2006, but discrepancies between testimony, pooling orders and the application were discovered as the disbursement order was being prepared. The item is being recalled for correction of testimony and recalculation of disbursement percentages. The disbursement order was rescinded.

5. A petition from CNX Gas Company, LLC for re-hearing to correct testimony for disbursement of funds from escrow and authorization for direct payments of royalties on Tracts 1B, 1E a portion of 1G and 1H, Unit W-35, Garden District, Buchanan County, Virginia. Docket Number VGOB-09-0324-0627-05. Continued from October.

On August 21, 2007 the Board approved disbursement of funds from Unit W-35. Preparation of the order revealed that testimony given at the hearing did not coincide with application materials.

The applicant seeks to correct testimony and have disbursement re-authorized. Disbursement of funds was authorized.

6. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-132, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-1016-2042. Continued from October.

In the AW-132 58.74-acre unit, the applicant controls 100% of the coal and 99.9% of the gas interests, and seeks to pool the remaining 0.1% of the gas interests. Unleased gas acreage subject to pooling totals 0.03 net acres in one tract having one unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

7. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AX-132, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-1016-2043. Continued from October.

In the AX-132 58.74-acre unit, the applicant controls 100% of the coal and 98.9% of the gas interests, and seeks to pool the remaining 1.1% of the gas interests. Unleased gas acreage subject to pooling totals 0.6 net acres in one tract having 14 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

8. A petition from CNX Gas Company, LLC for creation and pooling of conventional gas well unit AX-132CV, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-1016-2044. Continued from October.

In the AX-132CV 112.69-acre conventional gas unit, the applicant controls 93.6% of the oil and gas interests, and seeks to pool the remaining 6.4% of the interests. Unleased acreage subject to pooling totals 7.2 net acres in seven tracts having 19 unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

9. A petition from CNX Gas Company, LLC for creation and pooling of conventional gas well unit A-24CV, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-1218-2093.

In the A-25CV 112.69-acre conventional gas unit, the applicant controls 99.97% of the oil and gas interests, and seeks to pool the remaining 0.03% of the interests. Unleased acreage subject to pooling totals 0.03 net acres in one tract having six unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

10. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit F-13, South Grundy and Garden Districts, Buchanan County, Virginia. Docket Number VGOB-07-1218-2094.

In the F-13 80-acre unit, the applicant controls 99.98% of the coal and gas interests, and seeks to pool the remaining 0.02% of the interests. Unleased acreage subject to pooling totals 0.02 net acres in one tract having three unleased owners. There are no conflicting claimants subject to escrow. An application for permit to drill the unit was issued on 4/17/07. Pooling was approved.

11. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit T-20, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-07-1218-2095.

In the T-20 80-acre unit, the applicant controls 96.3% of the coal and gas interests, and seeks to pool the remaining 3.7% of the interests. Unleased acreage subject to pooling totals 2.97 net acres in one

tract having three unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

12. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit U-7, Prater District, Buchanan County, Virginia. Docket Number VGOB-07-1218-2096.

In the U-7 80-acre unit, the applicant controls 100% of the coal and 92.2% of the gas interests, and seeks to pool the remaining 7.8% of the gas interests. Unleased gas acreage subject to pooling totals 6.26 net acres in two tracts having two unleased claimants. There are conflicting claimants subject to escrow. A permit to drill the unit was issued in 1994, and a permit application for a second well in the unit has been submitted. Continued to January.

13. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit AW-131, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-1218-2097.

In the AW-131 58.74-acre unit, the applicant controls 100% of the coal and 83.7% of the gas interests, and seeks to pool the remaining 16.3% of the gas interests. Unleased gas acreage subject to pooling totals 9.6 net acres in eight tracts having 10 unleased claimants. There are conflicting claimants subject to escrow and conflicting claimants subject to existing royalty split agreements. A permit to drill the unit was issued on 11/7/07. Pooling was approved.

14. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-132, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-07-1218-2098.

In the BA-132 58.74-acre unit, the applicant controls 83.4% of the coal interests and 82.7% the gas interests, and seeks to pool the remaining 16.6% of the coal interests and 17.3% of the gas interests. Unleased coal acreage subject to pooling totals 9.8 net acres in 18 tracts with eight unleased owner. Unleased gas acreage totals 10.2 net acres in 23 tracts having 26 unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 5/17/07. Pooling was approved.

15. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit XXX-21, North Grundy and Garden Districts, Buchanan County, Virginia. Docket Number VGOB-07-1218-2099.

In the XXX-21 80-acre unit, the applicant controls 99.97% of the coal and gas interests, and seeks to pool the remaining 0.03% of the interests. Unleased acreage subject to pooling totals 0.02 net acres in one tract having five unleased owners. There are no conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

16. A petition from Equitable Production Company for pooling of coalbed methane unit VC-536517, New Garden District, Russell County, Virginia. Docket Number VGOB-07-1218-2100.

In the VC-536517 58.77-acre unit, the applicant controls 100% of the coal and 94.9% of the gas interests, and seeks to pool the remaining 5.1% of the gas interests. Unleased gas acreage subject to pooling totals 3.0 net acres in one tract having two unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

17. A petition from Equitable Production Company for pooling of coalbed methane unit VC-537244, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-1218-2101.

In the VC-537244 58.77-acre unit, the applicant controls 100% of the coal and 99.5% of the gas interests, and seeks to pool the remaining 0.5% of the gas interests. Unleased gas acreage subject to pooling totals 0.3 net acres in one tract having one unleased claimant. There are conflicting claimants and unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

18. A petition from Equitable Production Company for pooling of coalbed methane unit VC-501854, Castlewood District, Russell County, Virginia. Docket Number VGOB-07-1218-2102.

In the VC-501854 58.77-acre unit, the applicant controls 100% of the coal and 91.6% of the gas interests, and seeks to pool the remaining 8.4% of the gas interests. Unleased gas acreage subject to pooling totals 4.9 net acres in two tracts having 30 unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

19. A petition from Equitable Production Company for re-pooling of coalbed methane unit VC-537113, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0515-1934-01.

In the VC-537113 58.77-acre unit, the applicant controls 100% of the coal and 84.0% of the gas interests, and seeks to pool the remaining 16.0% of the gas interests. Unleased gas acreage subject to pooling totals 9.4 net acres in four tracts having 179 unleased claimants. There are conflicting claimants and unlocated owners subject to escrow. A permit to drill the unit was issued on 5/4/07. Continued to February.

20. A petition from Equitable Production Company for modification of the Roaring Fork Coalbed Gas Field Rules to allow for drilling of an additional well in units AU38, AT39, AO40, AN40 in the Gladeville District, Wise County, Virginia. Docket Number VGOB-94-0215-0435-03.

The applicant seeks to modify four units of the Roaring Fork Coalbed Field rules to allow for drilling of multiple wells. The original field rule allows for one well per 80-acre unit. This is the first application for drilling of multiple wells in the Roaring Fork Field. Modification of the field rule was approved.

21. A petition from Equitable Production Company on behalf of Tommie A Fletcher, Jack Fletcher, Bea Fletcher, Clair Fletcher, Helen Boyd & Virgil Boyd, Harless Fletcher, Paul Kinsey Estate, Emily & Bill Wood, Marie Fletcher and Pine Mountain Oil & Gas Inc. for the disbursement of funds from escrow and authorization of direct payments of royalties on Tract 3, Unit VC-3672, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-97-1021-0711-01.

Owners with conflicting claims to escrowed royalty and working interest funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of escrowed funds was approved.

22. A petition from Chesapeake Appalachia, LLC for reconsideration, subsequent to correction of defective notice, of prior approval of a 320-acre provisional unit for drilling of horizontal wells into conventional horizons, Knox District, Buchanan County, Virginia. Docket Number VGOB 07-1016-2065.

The 320-acre provisional unit for drilling of horizontal wells was approved by the Board in October of this year. The applicant's ongoing title work has revealed incorrect ownership information in the original application. The purpose of this application is to correct notice and testimony. Approval of the drilling unit was confirmed.

23. A petition from Chesapeake Appalachia, LLC for pooling of horizontal conventional gas unit 826641, Knox District, Buchanan County, Virginia. Docket Number VGOB-07-1218-2103.

In the 826641 (Bank of Boston) 320-acre conventional gas horizontal drilling unit, the applicant controls 97.1% of the oil and gas interests, and seeks to pool the remaining 2.9% of the interests. Unleased acreage subject to pooling totals 9.2 net acres in one tract having one unleased owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

24. A petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826642, Knox District, Buchanan County, Virginia. Docket Number VGOB-07-1218-2104.

In the 826642 112.69-acre conventional gas unit, the applicant controls 94.4% of the oil and gas interests, and seeks to pool the remaining 5.6% of the interests. Unleased acreage subject to pooling totals 6.4 net acres in five tracts having six unleased owners. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

25. A petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826718, Knox District, Buchanan County, Virginia. Docket Number VGOB-07-1218-2105.

In the 826718 112.69-acre conventional gas unit, the applicant controls 72.4% of the oil and gas interests, and seeks to pool the remaining 27.6% of the interests. Unleased acreage subject to pooling totals 31.1 net acres in three tracts having 13 unleased owners. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

26. A petition from Dart Oil and Gas Corporation for pooling of conventional gas unit Johnson 042201, Clearfork District, Tazewell County, Virginia. Docket Number VGOB-07-1218-2106.

In the Johnson 042201 200-acre conventional gas unit, the applicant controls 70.0% of the oil and gas interests, and seeks to pool the remaining 30.0% of the interests. Unleased acreage subject to pooling totals 60 net acres in one tract having one unleased owner. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

27. A petition from Range Resources - Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Clintwood District, Dickenson County Virginia. Docket Number VGOB-07-1218-2107.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. Establishment of the unit was approved.

28. A petition from Range Resources - Pine Mountain, Inc. for establishment of a 320-acre conventional gas unit for drilling of horizontal wells, Ervinton District, Dickenson County Virginia. Docket Number VGOB-07-1218-2108.

The applicant is seeking to establish a provisional 320-acre square unit for the drilling of a horizontal well or wells to deep (non-coal) horizons. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. Establishment of the unit was approved.

29. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional well V-530053, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-1218-2109.

The applicant seeks an exception in order to drill a conventional well closer to three existing wells than allowed under statewide spacing. The proposed well is to be 340 feet closer to existing Equitable gas well P-244, 130 feet closer to existing Equitable gas well P-193, and 190 feet closer to existing Equitable gas well P-10 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resource. No application for permit to drill the unit has been submitted. The location exception was approved.

30. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional well V-530049, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-1218-2110.

The applicant seeks an exception in order to drill a conventional well closer to three existing wells than allowed under statewide spacing. The proposed well is to be 102 feet closer to existing Equitable gas well P-71, 739 feet closer to existing Equitable gas well P-73, and 546 feet closer to existing Equitable gas well P-39 than the 2500 feet mandated by spacing. The exception is needed to prevent loss of resource. No application for permit to drill the unit has been submitted. The location exception was approved.

31. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional well V-530054, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-1218-2111.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 115 feet closer to existing Equitable gas well P-197 than the 2500 feet mandated by spacing. No application for permit to drill the unit has been submitted. The location exception was approved.

The Virginia Gas and Oil Board heard public comments regarding Board matters immediately following the final Docket item. Mr. John Sheffield presented the Board with results of a court decision involving his properties in Buchanan County, VA.

The deadline for filing of petitions to the Board for the January 2008 hearing is 5 p.m., Friday, December 14, 2007 with the hearing scheduled for 9 a.m. on Tuesday, January 15, 2008 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.